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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, MAY 4, 2001

APPLICATION OF

TENASKA VIRGINIA PARTNERS, L.P.

CASE NO. PUE010039

For approval of a certificate of public convenience and necessity pursuant to Va. Code § 56-265.2, an exemption from Chapter 10 of Title 56, and interim approval to make financial commitments and undertake preliminary construction work

ORDER FOR NOTICE AND HEARING

On January 16, 2001, Tenaska Virginia Partners, L.P. ("Tenaska Virginia" or the "Applicant"), filed an application with supporting testimony and exhibits requesting that the State Corporation Commission ("Commission") grant the Applicant a certificate of public convenience and necessity pursuant to § 56-265.2 of the Code of Virginia (the "Code") to construct an approximately 900 MW natural gas fired combined cycle power plant in Fluvanna County, Virginia (the "Facility"). On April 20, 2001, Tenaska Virginia supplemented its application by submitting information necessary for an environmental assessment of the Facility.

Pursuant to § 56-265.2 B of the Code, Tenaska Virginia seeks in its application an exemption from the provisions of

Chapter 10 of Title 56 (§ 56-232 et seq.) ("Chapter 10").

Tenaska Virginia also requests that the Commission grant interim approval, pursuant to § 56-234.3 of the Code, to the Applicant to make financial expenditures and undertake preliminary construction work.

Tenaska Virginia is a limited partnership that would construct and operate an electric generating facility to convert natural gas into electrical energy and to operate as a public utility. The Applicant expects to begin construction in Spring 2002 and to commence commercial operation in Summer 2004. The Applicant anticipates that all of the electricity produced by the Facility will be sold on a wholesale basis or transferred through an energy conversion services arrangement to an energy marketing entity not affiliated with Tenaska Virginia or its general partner, Tenaska Virginia, Inc.

In support of its exemption request, the Applicant states that its activities will be regulated by the Federal Energy Regulatory Commission, and since it will not provide retail electric service to end users in the Commonwealth, the Applicant is not subject to the Commission's ratemaking authority pursuant to Chapter 10. Tenaska Virginia further explains that no utility with rates regulated under Chapter 10 has a financial or ownership interest in the Applicant. As such, the Applicant states that no portion of the cost of the Facility will be

included in the rate base of any utility subject to ratemaking pursuant to Chapter 10.

Tenaska Virginia further states that the Facility will have no material adverse effect upon the rates paid by customers of any regulated public utility in the Commonwealth, or upon the reliability of electric service provided by those utilities. The Applicant states that the Facility will promote the public interest by providing economic benefit to Fluvanna County and the surrounding area, enhancing the competitive market for wholesale electricity, and providing future generation capacity. Tenaska Virginia also submits that the Facility is designed to minimize any adverse environmental impacts.

NOW THE COMMISSION, having considered the application, is of the opinion and finds that the matter should be docketed, notice of the application should be given to the public, interested persons should have an opportunity to comment, the Commission Staff should investigate Tenaska Virginia's proposal and present its findings to the Commission, and a hearing should be scheduled in this matter.

Accordingly, IT IS ORDERED THAT:

(1) Tenaska Virginia's application for a certificate of public convenience and necessity is docketed and assigned Case No. PUE010039.

(2) Pursuant to 5 VAC 5-10-520 of the Commission's Rules of Practice and Procedure (the "Rules"), a Hearing Examiner is appointed to conduct all further proceedings in this matter.¹

(3) A public hearing for the purposes of receiving evidence relevant to the Applicant's application is scheduled for July 24, 2001, at 10:00 a.m. in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia.

(4) Tenaska Virginia shall promptly make a copy of its application and other materials available to the public who may obtain copies, at no charge, by making a request in writing from counsel for the Applicant, Richard D. Gary, Esquire, Hunton & Williams, Riverfront Plaza-East Tower, 951 East Byrd Street, Richmond, Virginia 23219-4074. The application and other materials filed in this docket may also be reviewed during regular business hours at the Commission's Document Control Center, First Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia.

(5) On or before May 24, 2001, the Applicant shall cause the following notice to be published as display advertising (not

¹ The Rules now codified at 5 VAC 5-10-10 et seq. have been revised effective June 1, 2001. The new Rules of Practice and Procedure are codified at 5 VAC 5-20-10 et seq. after June 1, 2001 ("revised Rules"), procedures before Hearing Examiners will be governed by 20 VAC 5-20-120, and the remainder of the new Rules will also apply, to the extent not inconsistent with this Order.

classified) once a week for two (2) consecutive weeks in newspapers having general circulation in Fluvanna County and its surrounding area:

NOTICE OF AN APPLICATION OF
TENASKA VIRGINIA PARTNERS, L.P.,
FOR A CERTIFICATE OF PUBLIC CONVENIENCE
AND NECESSITY TO CONSTRUCT AN
ELECTRIC GENERATION FACILITY IN
FLUVANNA COUNTY, VIRGINIA
CASE NO. PUE010039

On April 20, 2001, Tenaska Virginia Partners, L.P. ("Tenaska Virginia" or the "Applicant"), completed the filing of its application, with supporting testimony and exhibits, requesting that the State Corporation Commission (the "Commission") grant to the Applicant a certificate of public convenience and necessity pursuant to § 56-265.2 of the Code of Virginia (the "Code") to construct an approximately 900 MW natural gas fired combined cycle power plant in Fluvanna County, Virginia (the "Facility").

Pursuant to § 56-265.2 B of the Code, Tenaska Virginia seeks in its application an exemption from the provisions of Chapter 10 of Title 56 (§ 56-232 et seq.) ("Chapter 10"). Tenaska Virginia also requests that the Commission grant interim approval, pursuant to § 56-234.3 of the Code, to the Applicant to make financial expenditures and undertake preliminary construction work.

Tenaska Virginia is a limited partnership that would construct and operate an electric generating facility to convert natural gas into electrical energy and to operate as a public utility. The Applicant expects to begin construction in Spring 2002 and to commence commercial operation in Summer 2004. The Applicant anticipates that all of the electricity produced by the

Facility will be sold on a wholesale basis or transferred through an energy conversion services arrangement to an energy marketing entity not affiliated with Tenaska Virginia or its general partner, Tenaska Virginia, Inc.

Tenaska Virginia represents that the Facility will have no material adverse effect upon the rates paid by customers of any regulated public utility in the Commonwealth, or upon the reliability of electric service provided by those utilities. The Applicant states that the Facility will promote the public interest by providing economic benefit to Fluvanna County and the surrounding area, enhancing the competitive market for wholesale electricity, and providing future generation capacity. Tenaska Virginia also submits that the Facility is designed to minimize any adverse environmental impacts.

A public hearing for the purposes of receiving evidence relevant to the Applicant's application is scheduled for July 24, 2001, at 10:00 a.m. in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia.

A copy of the Applicant's application and other materials may be obtained, at no charge, by making a request in writing to counsel for the Applicant, Richard D. Gary, Esquire, Hunton & Williams, Riverfront Plaza-East Tower, 951 East Byrd Street, Richmond, Virginia 23219-4074. The application and other materials filed in this docket may also be reviewed during regular business hours at the Commission's Document Control Center, First Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia. A copy of the Commission's Order establishing the proceedings, outlining details for participation, and setting forth the complete procedural schedule is

available from the Commission's Web site,
www.state.va.us/scc/caseinfo/orders.htm.

On or before June 18, 2001, any person or entity desiring to comment in writing on Tenaska Virginia's application may do so by directing such comments to Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218. A copy of the same shall simultaneously be served on counsel for Tenaska Virginia at the address set forth above. All comments shall refer to Case No. PUE010039. Any person or entity desiring to make a statement at the public hearing concerning the Applicant's application need only appear in the Commission's second floor courtroom in the Tyler Building at the address set forth above.

On or before June 18, 2001, any person or entity desiring to participate in this proceeding as a respondent as provided by the Commission's revised Rules of Practice and Procedure shall file an original and fifteen (15) copies of a notice of participation with the Clerk of the Commission at the address set forth above and shall be a party to the proceeding. All notices of participation shall contain: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent now known; and (iii) the factual and legal basis for the action.

On or before June 25, 2001, any respondent shall file an original and fifteen (15) copies of the prepared testimony and exhibits the respondent intends to present at the hearing with the Clerk of the Commission at the address set forth above.

All comments, notices of participation, and prepared testimony and exhibits shall

refer to Case No. PUE010039. Copies of the same shall be, in addition to being filed with the Clerk of the Commission, simultaneously served on counsel for Tenaska Virginia at the address set forth above.

TENASKA VIRGINIA PARTNERS, L.P.

(6) On or before May 24, 2001, the Applicant shall serve a copy of its application and this order, by personal delivery or by first class-mail, postage prepaid, to: The Honorable John Paul Woodley, Jr., Secretary of Natural Resources, P.O. Box 1475, Richmond, Virginia 23218; Dennis H. Treacy, Director, Department of Environmental Quality, P.O. Box 10009, Richmond, Virginia 23240-0009; and to each investor owned and cooperative electric utility in the Commonwealth as listed in Appendix A to this Order.

(7) On or before June 18, 2001, any person or entity desiring to comment in writing on Tenaska Virginia's application may do so by directing such comments to Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218. A copy of the same shall simultaneously be served on counsel for Tenaska Virginia at the address set forth in Ordering Paragraph (4) above. All comments shall refer to Case No. PUE010039. Any person or entity desiring to make a statement at the public hearing concerning the Applicant's application need only appear in the Commission's

second floor courtroom in the Tyler Building at the address set forth in Ordering Paragraph (3) above.

(8) On or before June 18, 2001, any person or entity desiring to participate in this proceeding as a respondent as provided by the Commission's Rules of Practice and Procedure shall file an original and fifteen (15) copies of a notice of participation with the Clerk of the Commission at the address set forth in Ordering Paragraph (7) above and shall be a party to the proceeding. All notices of participation shall refer to Case No. PUE010039 and shall contain: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Copies of the same shall be simultaneously served on counsel for Tenaska Virginia at the address set forth in Ordering Paragraph (4) above.

(9) On or before June 25, 2001, any respondent shall file an original and fifteen (15) copies of the prepared testimony and exhibits the respondent intends to present at the hearing with the Clerk of the Commission at the address set forth above. All prepared testimony and exhibits shall refer to Case No. PUE010039. Copies of the same shall be simultaneously served on counsel for Tenaska Virginia at the address set forth in Ordering Paragraph (4) above.

(10) Commission Staff shall analyze Tenaska Virginia's application and, on or before July 6, 2001, shall file with the Clerk of the Commission an original and fifteen (15) copies of the prepared testimony and exhibits it intends to present at the public hearing.

(11) On or before July 16, 2001, the Applicant shall file with the Clerk of the Commission an original and fifteen (15) copies of any testimony it expects to introduce in rebuttal to any directed prefiled testimony of the Commission Staff and respondents.

(12) At the commencement of the hearing scheduled herein, the Applicant shall provide to the Commission proof of the notice and service required by Ordering Paragraphs (5) and (6) herein.

(13) The Applicant and respondents shall respond to written interrogatories or data requests within ten (10) days after the receipt of such requests. Except as so modified herein, discovery and hearing preparation procedures shall be in accordance with Part VI of the Rules and, after June 1, 2001, in accordance with Part IV of the revised Rules.

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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

APPENDIX A

ELECTRIC COOPERATIVES IN VIRGINIA

A&N Electric Cooperative
Mr. Vernon N. Brinkley
President
P.O. Box 1128
Parksley, Virginia 23421-1128

B-A-R-C Electric Cooperative
Mr. Richard Weaver
General Manager
P.O. Box 264
Millboro, Virginia 24460-0264

Central Virginia Electric Cooperative
Mr. Howard L. Scarboro
General Manager
P.O. Box 247
Lovingston, Virginia 22949

Community Electric Cooperative
Mr. James M. Reynolds, P.E.
General Manager
P.O. Box 267
Windsor, Virginia 23487-0267

Craig-Botetourt Electric Cooperative
Mr. Gerald H. Groseclose
General Manager
P.O. Box 265
New Castle, Virginia 24127-0265

Mecklenburg Electric Cooperative
Mr. John Bowman
Executive Vice President & General Manager
Caller 2451
Chase City, Virginia 23924-2451

Northern Neck Electric Cooperative
Mr. Charles R. Rice, Jr.
President and CEO
P.O. Box 288
Warsaw, Virginia 22572-0288

Northern Virginia Electric Cooperative
Mr. Stanley C. Feuerberg
President and CEO
P.O. Box 2710
Manassas, Virginia 20108-0875

Powell Valley Electric Cooperative
Mr. Randell W. Meyers
General Manager & CEO
325 Straight Creek Road
P.O. Box 1528
New Tazewell, Tennessee 37879-1528

Prince George Electric Cooperative
Mr. Dale Bradshaw, CEO
P.O. Box 168
Waverly, Virginia 23890-0168

Rappahannock Electric Cooperative
Mr. Cecil E. Viverette, Jr.
President
P.O. Box 7388
Fredericksburg, Virginia 22404-7388

Shenandoah Valley Electric Cooperative
Mr. C. Douglas Wine
President & CEO
P.O. Box 236
Mt. Crawford, Virginia 22841-0236

Southside Electric Cooperative
Mr. Larry Longshore
President and CEO
P.O. Box 7
Crewe, Virginia 23930-0007

ELECTRIC COMPANIES IN VIRGINIA

Allegheny Power
Mr. James D. Latimer
Vice-President, State Affairs
10435 Downsville Pike
Hagerstown, Maryland 21740-1766

American Electric Power
Mr. R. Daniel Carson, President
Virginia/Tennessee
Three James Center, Suite 702
1051 East Cary Street
Richmond, Virginia 23219

Conectiv Power Delivery
Mr. Mack Wathen
Director, Planning, Finance and Regulation
New Castle Regional Office
401 Eagle One Road
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Dominion Virginia Power
Mr. Robert E. Rigsby
President & COO
Box 26666
Richmond, Virginia 23261

Kentucky Utilities
Mr. Ronald L. Willhite
Director of Rates and Regulations
P.O. Box 32030
Louisville, Kentucky 40232